

D96454

LABOR - MA

~~3.11.02~~

73-0144



REPORT TO THE CONGRESS

13



Concentrated Employment Program In New York City Has Not Met Its Employment Objectives B-130515

Department of Labor

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

~~701257~~ 096454

SEPT. 7, 1972



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-130515

To the President of the Senate and the
Speaker of the House of Representatives

This is our report on the Concentrated Employment Program not meeting its employment objectives in New York City. The program is administered by the Department of Labor. 9

Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

Copies of this report are being sent to the Director, Office of Management and Budget; the Secretary of Labor; and the Director, Office of Economic Opportunity.

A handwritten signature in black ink, appearing to read "A. M. Kellen".

Acting Comptroller General
of the United States

C o n t e n t s

	<u>Page</u>
DIGEST	1
CHAPTER	
1 INTRODUCTION	5
CEP in New York City	6
2 CEP OBJECTIVES NOT ACCOMPLISHED	10
South Bronx CEP operations	10
Enrollments	10
Training	11
Job placements	12
CEP operations in Central and East Harlem	15
3 SHORTCOMINGS IN CEP ADMINISTRATION	17
Implementing an active outreach activity	17
Determining eligibility for CEP serv- ices	18
Implementing a suitable training program	20
Staffing the South Bronx CEP	21
Assigning responsibility for CEP operations	23
Corrective actions initiated	24
4 CONCLUSIONS, RECOMMENDATIONS, AND AGENCY COMMENTS	27
Conclusions	27
Recommendations to the Secretary of Labor	27
Agency comments	28
5 SCOPE OF REVIEW	29

APPENDIX

Page

- | | | |
|----|--|----|
| I | Letter dated May 25, 1972, from the Assistant Secretary for Administration and Management, Department of Labor, to the General Accounting Office | 31 |
| II | Principal officials of the Department of Labor responsible for the administration of the Concentrated Employment Program | 35 |

ABBREVIATIONS

- | | |
|------|--|
| CEP | Concentrated Employment Program |
| GAO | General Accounting Office |
| MCDA | Manpower and Career Development Agency |

D I G E S T

WHY THE REVIEW WAS MADE

The Concentrated Employment Program (CEP) is designed to combine all manpower services necessary to help unemployed and low-income persons obtain and hold regular jobs. The General Accounting Office (GAO) wanted to determine how well this was being done in New York City.

Background

The Department of Labor administers CEP under a delegation of authority from the Office of Economic Opportunity. About \$675 million was allocated in the 4-year period ended June 1971. At that time CEP was operating in 69 urban and 13 rural locations and CEP had reached 384,000 persons. (See p. 6.)

CEP was established in New York City in the South Bronx, East Harlem, and Central Harlem areas. GAO's evaluation mainly covered South Bronx because CEP was just getting underway in East and Central Harlem when GAO started its fieldwork.

The Department of Labor selected a private, nonprofit education and research institute as the first sponsor (the agency that runs CEP) for South Bronx. Two New York City agencies--first the Manpower and Career Development Agency and second, the Human Resources Administration and the mayor's office, as cosponsors--replaced it.

FINDINGS AND CONCLUSIONS

Although estimates showed that many thousands of residents in the three areas needed assistance, CEP, after a reasonable start in South Bronx, fell considerably short of its goals in all three areas.

	Enrolled		Placed in jobs	
	Goal	Actual	Goal	Actual
South Bronx:				
June 1967 to Oct. 1968	2,000	2,100	2,000	1,200
Oct. 1968 to Sept. 1971	3,670	2,160	3,200	831
East Harlem:				
Apr. 1970 to June 1971	1,400	616	920	6
Central Harlem:				
Apr. 1970 to June 1971	1,400	578	955	31

SEPT. 7, 1972

To verify job placements, GAO sent questionnaires to 49 employers who reportedly had hired 108 enrollees. The 108 were those identified as placed in the 250 enrollee records selected for review through a random sample. About one-fifth of the enrollees had not actually been hired, and more than half of those hired were no longer employed by the employer contacted. According to the employers, some of the enrollees no longer employed had stated they were leaving to obtain another job. Most of the separations occurred during the first 3 months of employment. (See p. 13.)

During October 1968 to September 1971, 1,250 of the 2,160 CEP enrollees entered training courses. The remaining CEP enrollees who did not enter training courses were either placed in jobs or dropped out of the program. (See p. 11.)

Skill training was heavily oriented toward women participants, although a primary objective was to assist men with a record of long-term unemployment. The training program was largely inactive from August 1969 through September 1970, except for courses in basic education and English language. (See p. 11.)

Shortcomings in CEP administration
in South Bronx

Several shortcomings in CEP administration have been responsible for the South Bronx CEP's failure to reach its program goals. CEP did not have an active outreach function--an intensive on-the-street and door-to-door activity--to identify and recruit eligible persons. Active outreach is contemplated by Department of Labor guidelines. (See p. 17.)

Procedures for screening enrollees for eligibility were not adequately followed. As a result, many enrollees were ineligible or their eligibility could not be determined on the basis of recorded information. (See p. 19.)

Although the agency responsible for training enrollees was changed repeatedly, the agencies were unable to establish a suitable training program.

CEP had high turnover of staff members in both key and lower positions. Also staff members were inadequately indoctrinated in CEP objectives and approaches. (See p. 21.)

Contracts between the Department of Labor and the first sponsor (and related subcontracts) did not clearly define and assign responsibility for operations between the sponsor and participating agencies. Subsequent sponsors did not exercise strong leadership, and disagreements with the Department on key aspects of CEP, such as training, were not promptly resolved. (See p. 23.)

Labor's regional manpower administrator did not provide the necessary supervision and guidance to insure the proper discharge of program sponsors' contractual responsibilities. Problems hampering the accomplishment of program objectives were not promptly resolved.

Subsequent to GAO's field review, corrective actions were taken or planned by Labor and the city of New York to strengthen CEP in the South Bronx and Central Harlem areas. The East Harlem CEP was substantially revised in June 1971 and was administered under more flexible guidelines which Labor considered more responsive to the need of the community. (See p. 24.)

RECOMMENDATIONS OR SUGGESTIONS

The Department of Labor should monitor the planned improvements in the CEP in the South Bronx and two Harlem areas to make sure that:

- The contractual responsibilities of the prime sponsor and participating agencies are clearly understood and carried out.
- An active outreach activity that will bring into CEP those area residents most in need of manpower assistance is performed.
- All possible assistance is extended to CEP enrollees who experience problems in attending training courses and in finding or retaining suitable employment. (See p. 27.)

AGENCY ACTIONS AND UNRESOLVED ISSUES

The Department of Labor agreed that CEP accomplishments in New York City had been unsatisfactory and that the improvements recommended by GAO must be implemented if satisfactory performance is to be attained by CEP.

Labor recognizes that the CEPs should not continue to be funded unless a specific plan is developed to implement the recommended improvements and to establish necessary performance standards.

MATTERS FOR CONSIDERATION BY THE CONGRESS

This report should be useful to the Congress in its deliberations on strengthening manpower training programs, particularly those designed for assisting large urban areas in overcoming long-standing poverty and unemployment.

CHAPTER 1

INTRODUCTION

The Concentrated Employment Program (CEP) is administered by the Department of Labor pursuant to a delegation of authority from the Director, Office of Economic Opportunity.

CEP was initiated in March 1967 under the general authority provided by the Economic Opportunity Act of 1964 (42 U.S.C. 2740), for administering antipoverty programs. CEP was specifically sanctioned in section 123(a) (5) of the act, as amended in December 1967. CEP is one of several Federal programs whose objectives are to provide useful work and training opportunities to help unemployed or low-income persons obtain and hold regular competitive employment. It was specifically designed to concentrate work and training resources in urban and rural target areas having large concentrations or proportions of such persons. This was to be done by combining, under one sponsor and with one funding source, all manpower training and other services necessary to accomplish CEP's objectives in a specified target area.

Sponsors of CEPs generally are the local Community Action Agencies created under title II of the Economic Opportunity Act and operate under contracts executed with Labor.

The contracts contain program goals--such as the number of persons to be enrolled and the number to be placed--which Labor and the sponsors agree will be accomplished during the contract period. The sponsor is responsible for planning, administering, coordinating, and evaluating CEP activities and for receiving and disbursing Federal and local funds. The sponsor may subcontract the various program functions--such as outreach, counseling, training, or job placement--to other public or nonprofit private agencies.

CEP's objective is to provide all the manpower services needed to help an enrollee move from unemployability and dependency to self-sufficiency. CEP enrollees are entitled to stipends or training allowances while actively participating in orientation and training. For example, the basic

training allowances in New York City ranged from \$30 to \$80 a week, depending on the number of dependents claimed by an enrollee and the length of his training course.

Since March 1968 Labor's regional manpower administrators have been delegated the authority and assigned the responsibility for approving and executing contracts with CEP sponsors in their respective regions. They are also responsible for insuring that program activities are carried out in accordance with the terms of the contracts.

From CEP's inception in 1967 through fiscal year 1971, Labor allocated approximately \$675 million for CEP activities. As of June 30, 1971, Labor was funding CEP at 69 urban and 13 rural locations and CEP had a total enrollment of about 39,000 persons. CEP has had a cumulative enrollment of approximately 384,000 persons.

The results of our previous reviews of CEP operations in four large cities and a large rural area in northwestern Mississippi were presented in separate reports to the Congress.¹ We reviewed the CEP operations in New York City to assess results of CEP activities in the country's largest urban area.

CEP IN NEW YORK CITY

CEP was initiated in New York City in June 1967. The first target area selected, South Bronx, was to serve as a model before expanding the program to other target areas in New York. In October 1968 the South Bronx target area was expanded to include the adjacent area of Hunts Point, and in October 1969 Labor approved funding of CEP operations in two additional target areas, East Harlem and Central Harlem. Through fiscal year 1971 Labor had obligated \$15.7 million for the three CEP areas. Of this amount, \$10.5 million was for the South Bronx area, and \$5.2 million was for the two Harlem areas. The funds were to be used primarily for enrollee training allowances, training expenses, and program administration.

¹B-130515: Los Angeles, Calif., October 24, 1969; Detroit, Mich., October 27, 1969; Chicago, Ill., November 6, 1969; St. Louis, Mo., November 20, 1969; and Mississippi, March 15, 1972.

The Department and the city of New York selected the Institute of Public Administration (a private, not-for-profit education and research institute incorporated under the education law of the State of New York) as the initial sponsor for the CEP in South Bronx. Its principal activities are directed toward improvements in public administration through training, research, and technical assistance.

The contract with the sponsor designated the Manpower and Career Development Agency (MCDA) as the principal operating agency for the South Bronx CEP. MCDA is the manpower arm of the Human Resources Administration, the city agency responsible for coordinating the programs of community action agencies in New York City.

In December 1969 the sponsorship of the South Bronx CEP was assigned to MCDA, which replaced the former sponsor. MCDA also was selected sponsor of CEP in the East and Central Harlem areas. In October 1970 the sponsorship of the CEP in South Bronx was changed from MCDA to the Human Resources Administration and the office of the mayor, jointly, apparently to place program responsibility at a higher level in the city's administration. By June 30, 1971, the sponsorship of CEP in East and Central Harlem had been similarly changed.

The table below, prepared on the basis of MCDA estimates for 1970, shows the characteristics of the population in the three target areas.

TARGET AREA	POPULATION				LONG-TERM UNEMPLOYED (note a)	ADULT PUBLIC ASSISTANCE RECIPIENTS
	TOTAL	PUERTO RICAN	NON- WHITE	WHITE		
		(PERCENT OF TOTAL)				
SOUTH BRONX/HUNTS POINT	349,000	51	31	18	10,600	13,400
EAST HARLEM	165,000	43	35	22	3,400	18,600
CENTRAL HARLEM	187,000	3	95	2	4,700	18,900

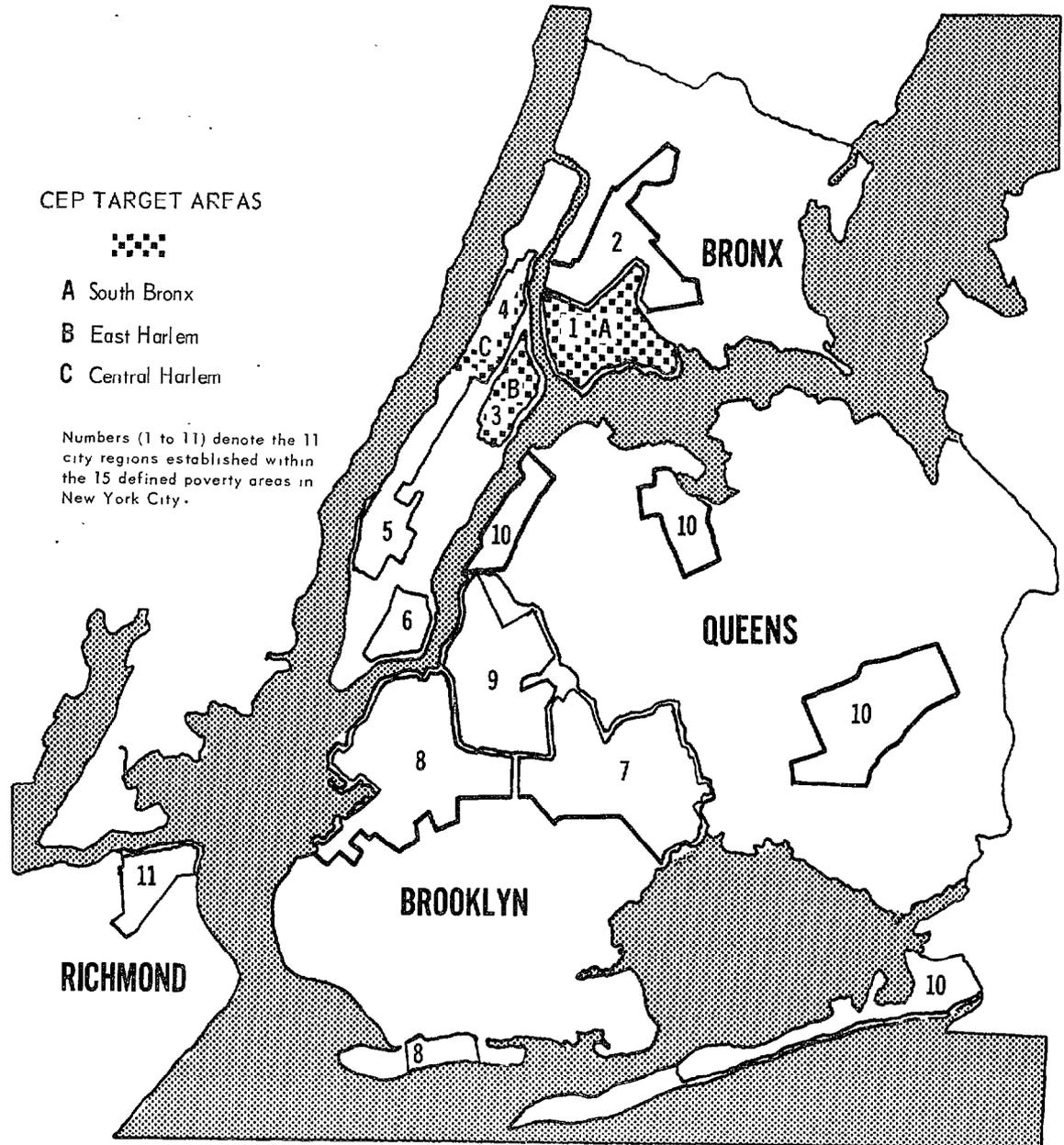
^a Unemployed for more than 15 weeks.

The population of each target area exceeds the size suggested by Labor guidelines, which originally set a range from 50,000 to 150,000 persons and in February 1969 limited the range from 45,000 to 50,000.

The boundaries of the South Bronx area, as enlarged by the addition of the Hunts Point area, and the boundaries of the two Harlem areas were designed to generally coincide with three of the 11 regions established under New York City's Regional Manpower System. This system, inaugurated by MCDA in January 1969, contains 11 regions and encompasses 15 defined poverty areas in New York City. (See map, p. 9.) In this system MCDA provides planning and overall direction of manpower services and carries out the manpower functions, such as recruitment, counseling, and placement, through contractual arrangement with local manpower centers. These centers, called Neighborhood Manpower Service Centers, are operated by local Community Action Agencies.

Each region sponsored by the city is conceptually similar to the federally funded CEPs in that it attempts to provide overall program coordination and to deliver manpower services to residents of selected poverty areas.

**NEW YORK CITY
CEP TARGET AREAS AND REGIONAL MANPOWER SYSTEM
(AS OF JANUARY 1972)**



CHAPTER 2

CEP OBJECTIVES NOT ACCOMPLISHED

Although MCDA estimates showed that many thousands of disadvantaged persons could be helped by CEP, the program-- after having a reasonably good start in the South Bronx-- fell considerably short of its goals in all three target areas.

SOUTH BRONX CEP OPERATIONS

In the first contract period, ended October 1968, about 2,100 persons were enrolled in CEP and about 1,200 were reported to have been placed in jobs. The goals for that year were to enroll about 2,000 persons in CEP and subsequently to place them in jobs. Program results after this period were not satisfactory relative to the goals established by the contract, as shown by the following data.

Enrollments

The South Bronx CEP did not meet its enrollment goals for the period October 1968 to September 30, 1971. The contract effective in October 1968 called for the enrollment of at least 2,070 persons over a 10-month period, but contractor reports showed only 1,530 enrolled by the end of August 1969. When this period was extended through September 1970, the obligated Federal funds and the enrollment goal were not changed. However, few additional persons were enrolled during the extended contract period and reported enrollments during this 23-month period totaled 1,609, or 78 percent of the number originally proposed for the initial 10-month period. A new contract was issued in October 1970 for another year. Its enrollment objective was 1,600, but only 551 persons, or 34 percent of the goal, were enrolled in the program.

Labor's guidelines require persons entering the program to reside in the target area and to meet specified eligibility criteria. Our test of enrollees' records showed, however, that one-third of the enrollees whose eligibility determinations had been documented were not eligible for

CEP services because they did not meet these requirements. (See p. 18 for further discussion of our test of eligibility.)

Under the contract effective in October 1968, special attention was to be focused on hard-core unemployed males who were primary wage earners (those primarily responsible for the support of a family). Our review showed that the program had limited success in reaching persons in this category. About 31 percent were male primary wage earners; 25 percent were female primary wage earners; and the remainder, or 44 percent, were male or female secondary wage earners.

Training

From October 1968 through September 1971, about 1,250 of the 2,160 persons enrolled in CEP during this period entered training courses. This was about 58 percent of the 2,165 entries planned for this period. The enrollees who did not enter training courses were either placed in jobs or they dropped out of the program.

In the program period ended September 1970, skill-training courses were offered only through December 1969. About 500 persons participated. No enrollees were permitted to enter skill courses after August 1969, and the courses were terminated at the end of the calendar year. Skill training was heavily oriented toward female participants, and courses in basic office practices accounted for 364, or about 70 percent of all enrollments. Courses oriented toward men, such as maintenance and rehabilitation and refrigeration and heating repair, accounted for the remaining 30 percent of enrollments.

Besides skill training, courses were conducted in English as a second language--directed at the large number of Spanish-speaking residents--and in basic education. The enrollment in these two programs totaled about 275, or about 33 percent of the total training enrollments in the program period ended September 1970. The training program was largely inactive from August 1969 through September 1970, except for these two courses.

The contract between Labor and the city of New York for the program year ended September 30, 1971, designated the New York State Department of Education as the training agency, except that the City University of New York was to provide part-time education to trainees enrolled in Post Office Department on-the-job training. The training goals and actual enrollments for training during this program year were as follows:

	<u>Goal</u>	<u>Actual</u>
English as a second language	80	130
Prevocational training	340	66
Institutional skills training	475	213
Basic education (for enrollees in the two preceding courses)	Not readily determinable	Not readily determinable
Education for postal trainees	120	"

Job placements

During the period October 1968 through September 1971, South Bronx CEP goals included job placement of about 3,200 persons, or about 87 percent of planned enrollments. The CEP's ability to meet its placement goals was significantly hampered because planned enrollments were not achieved and a significant number of those enrolled had dropped out of CEP by September 1971.

During this period, only 831 persons were placed in jobs; about 990 left the CEP before completing it; and about 340 still were enrolled in the program, according to CEP reports. Of those persons leaving CEP before completion, CEP classified about 73 percent as dropouts (those who were administratively terminated or left without giving reasons); the remainder left for reasons such as entering school and military service.

Most of the job placements were made prior to December 31, 1969. After this date only a minimal placement activity was reported. For example, during the program year ended September 30, 1971, 76 placements were reported, compared with a goal of 1,090.

Our analysis of reported placements made from October 1968 to February 1970 indicated that the reliability of the statistics was subject to question. We sent questionnaires to 49 employers who accounted for 108 placements identified in our review of 250 enrollees' records, selected through a statistical sample. We obtained the following responses.

	<u>Number</u>	<u>Percent</u>
Placements confirmed	78	72
Placements not confirmed	18	17
No response from employer	<u>12</u>	<u>11</u>
 Total placements per enrollees' records	 <u>108</u>	 <u>100</u>

In six of the 18 cases in which employers did not confirm the placements, the enrollees actually had been referred to other training programs and had not been placed in jobs. In the 12 other cases, the employers reported no records of having employed the enrollees.

The enrollees placed had limited success in retaining their jobs. Employer responses to our questionnaires showed that, by June 1970, 46 of the 78 enrollees confirmed as placements in our sample were no longer employed. According to the employers, six of the 46 enrollees no longer employed had stated they were leaving to obtain another job.

About 65 percent of the separations occurred during the first 3 months of employment. The employer responses showed that about one-third of those no longer employed were discharged and two-thirds left voluntarily. The reasons given in employer responses for voluntary separations were that the enrollee had returned to school, obtained another job, or experienced personal problems. The principal reason for discharge was frequent absences.

Many of the 78 enrollees confirmed as placements earned higher salaries after placement than on their last employment before enrolling in CEP. The preenrollment hourly wage ranged from \$0.75 to \$3 an hour, and the hourly wage after CEP placement ranged from \$1.65 to \$4.

Some of the placements reported by CEP were accomplished in conjunction with efforts of other federally supported

manpower programs. During the period October 1968 through December 1969, 213, or 38 percent, of the 563 placements had been made under (1) the Post Office Department's Job Opportunity Program (127 placements) and (2) the Job Opportunities in the Business Sector program (86 placements). Both programs provide for federally subsidized on-the-job training before permanent employment.

The South Bronx CEP participated in the Post Office Department's program by providing preemployment orientation and, when necessary, training to help enrollees pass the civil service examination for a permanent position. We reviewed the overall results of the placements of South Bronx CEP enrollees made under this program through May 1970. As of May 1970, 83 enrollees, or 45 percent of the total 183 placements, did not complete the required training period and failed to pass the examination (23 were discharged, and 60 left voluntarily); 53, or 29 percent, obtained career positions; and the remaining 47 were still in trainee status as of May 1970.

CEP OPERATIONS IN CENTRAL
AND EAST HARLEM

CEP operations in the two Harlem areas have also been lagging. Letter contracts requiring the immediate planning, phasein, and operation of the two programs were issued by Labor to MCDA in October 1969. The contracts, definitized in April 1970, established CEP goals for the contract period April 1970 through March 1971. The contract termination dates were subsequently extended to June 30, 1971.

Following is a comparison of the goals with actual performance reported by MCDA for April 1970 through June 1971.

	<u>East Harlem</u>		<u>Central Harlem</u>	
	<u>Goal</u>	<u>Actual</u>	<u>Goal</u>	<u>Actual</u>
Number of persons enrolled	1,400	616	1,400	578
Number of persons leaving program before completion	200 ^a	170	351	125
Number of persons placed into jobs	920	6	955	31

^a Estimate of the number of persons who would leave program before completion during the program period.

According to the latest data available from Labor, program results for the period through November 1971 continued to be limited.

Labor, commenting on a draft of this report in May 1972 (see app. I), stated that the GAO report presented full documentation on the poor performance by South Bronx CEP and that Labor could add no more on that CEP because CEP had neglected to submit required Labor reports MA-5-16 (Monthly Program Activity Summary), MA-5-36 (Management Progress Report), and MA-5-30 (Monthly Summary of Enrollee Characteristics). A special effort by the regional office and the national office has been made to instruct and assist this contractor in filing the required Labor reports.

Labor also indicated that the performance of all three CEPs in New York City had been poor and had been below that of the average performance of CEPs throughout the United States. Labor believes that the poor performance in New York results from a failure to follow the sound manpower planning and operation principles contained in the CEP guidelines rather than from a problem with the basic CEP design.

The results of GAO's evaluation of the administration of the South Bronx CEP are discussed in the following chapter.

CHAPTER 3

SHORTCOMINGS IN CEP ADMINISTRATION

Several shortcomings in CEP administration have been responsible to some degree for CEP's failure to reach its program goals in the South Bronx during the 3 years ended September 1971.

- CEP had not established an active outreach activity as part of an effective recruitment function, as contemplated in Labor guidelines.
- CEP procedures for screening enrollees for eligibility were not adequately followed.
- CEP was unable to establish a suitable training program.
- Sponsors experienced problems in hiring and retaining qualified personnel to staff CEP.
- Contracts between Labor and the initial CEP sponsor and related contracts and subcontracts did not clearly define and assign responsibility for program operations between the sponsor and other participating agencies.

IMPLEMENTING AN ACTIVE OUTREACH ACTIVITY

Labor guidelines provide that an intensive and concerted, on-the-street and door-to-door outreach activity be used to identify eligible persons in a target area, especially among the most severely disadvantaged, and to encourage their participation in CEP. The outreach activity is considered the major method for enrolling adult minority group males--a primary objective of CEP--because this segment of the population is the hardest to reach.

MCDA was required to subcontract the recruiting function to the Neighborhood Manpower Service Centers. These centers had been established by the city of New York to provide a range of antipoverty services in specified geographic areas in the city. The subcontracts, however, did

not provide for any outreach activity as contemplated in Labor guidelines.

During our visits to the three neighborhood centers serving the South Bronx CEP, officials at each of the centers confirmed their lack of an active outreach function. They explained that they relied on word-of-mouth or storefront advertisements to attract program participants. Our review indicated, however, that these limited recruitment efforts were not successful.

Our test of enrollees' application forms showed that few of the persons enrolled from October 1968 through September 1970 had actually been referred from the centers. Of the 250 enrollees in our sample, the files showed source of referral for only 159 and only 61, or 38 percent, of these had been referred to CEP from the centers. Almost an equal number, 59, had entered CEP as walk-ins, and the remaining 39 had been referred by the State employment service and by various other organizations. In December 1969 the CEP director reported to MCDA that it had been necessary to use his staff to assist two of the centers in their recruiting operations. Thus, many recruitments credited to the centers apparently were brought about only through the assistance of the South Bronx CEP's own staff.

A team formed by Labor to evaluate the South Bronx CEP reported in April 1969 that walk-ins were a major source of CEP referrals and that this situation raised serious questions regarding CEP's impact in the South Bronx target area. Also, in September 1969 an independent consultant firm, hired by Labor to evaluate the South Bronx CEP, reported that outreach and recruitment were being ineffectively handled. However, Labor took no action to insure establishment by MCDA of an adequate outreach program to seek out eligible area residents.

DETERMINING ELIGIBILITY FOR CEP SERVICES

Under Labor guidelines, a person must meet two basic requirements to qualify for the services offered through CEP: (1) he must reside in the target area and (2) he must be disadvantaged.

Labor defines as disadvantaged a person who is

--poor (a member of a family whose annual net income is below the poverty criteria established by the Office of Economic Opportunity or whose family is on welfare);

--not suitably employed (unemployed, underemployed or hindered from seeking work); and

--a school dropout, a member of a minority, under 22 years of age, 45 years of age or older, or handicapped.

A significant number of enrollees were ineligible or their eligibility could not be determined on the basis of information in the 250 enrollees' files we tested.

<u>Eligibility status</u>	<u>Number</u>
Eligible	87
Eligibility could not be determined	119
Ineligible	<u>44</u>
Total	<u>250</u>

Of the 44 ineligible enrollees, 27 did not live in the target area and the remaining 17 did not meet the criteria for being classified as disadvantaged. The files for the 119 enrollees did not contain sufficient information on family income level to permit a verification of the enrollees' eligibility, although they met the other Labor criteria previously mentioned.

CEP officials indicated to us that the staff had not been sufficiently indoctrinated in screening applicants to insure their meeting eligibility criteria and in the need to properly document the eligibility of those selected for CEP.

IMPLEMENTING A SUITABLE TRAINING PROGRAM

MCDA repeatedly changed the agency responsible for training CEP enrollees but did not succeed in establishing a suitable training program. During the first 16 months of CEP operations, June 1967 through October 1968, the New York City Board of Education had provided vocationally oriented basic education and occupational skill training to 1,415 enrollees. As shown by the board's records, 922 (65 percent) of the enrollees completed the courses conducted in five training facilities. The courses taught skills in commercial occupations, electromechanics, building service, machine-shop work, bricklaying, auto service, and other occupations.

In October 1968 MCDA selected the Regional Industrial Training Association as the skill-training agency for the South Bronx CEP. (The Regional Industrial Training Association is a nonprofit corporation founded in February 1968 to provide skill training to underprivileged persons in New York City. It is an outgrowth of a program providing training in office practices which the Port of New York Authority had operated between 1964 and 1967.) MCDA stated that the Board of Education was no longer suitable as the training agency because its facilities were not available in South Bronx during the day and its training costs were relatively high.

Labor gave only conditional approval to the selection of the association, apparently because the adequacy of the association's experience in technical training other than office practices was questionable. Labor approved the selection, subject to an evaluation to be completed in January 1969.

After an evaluation was made, Labor officials recommended expansion of skill training to accommodate the number of persons planned in the contract but continued to withhold final approval of the association as the training agency, until needed improvements could be made. In May 1969 a management consulting firm, employed by Labor to review the involvement of the association in the CEP, reported a lack of facilities to train the planned number of enrollees. The training program was also failing to meet the needs of the

South Bronx target area because it was providing training primarily for women.

After August 1969 no CEP enrollees entered skill training courses and, at Labor's direction, the association's operations were phased out in December 1969. After this date the City University of New York provided a basic education course and English language training, but no skill training was provided for the remainder of the program period ended September 1970.

During the program year ended September 30, 1971, training enrollments still fell short of goals by a wide margin. Also, MCDA officials informed us that training was unsatisfactory during this period because it was not sufficiently related to enrollees' vocational needs.

STAFFING THE SOUTH BRONX CEP

CEP was adversely affected by high turnover of staff members in both key and lower positions and by inadequate indoctrination of staff members in CEP objectives and approaches.

During the first program period, July 1967 through October 1968, almost one-half, or 72 of the 146 staff members initially hired, terminated their employment. From October 1968 through September 1970, 60 of 126 staff members, including 11 holding key executive positions, left CEP. For example, between January and April 1969 three persons occupied the position of CEP director.

Reports on several evaluations made of CEP operations pointed out the problems of staff turnover. In March 1969 an MCDA evaluation team reported that crucial gaps in staff were seriously detrimental to the effective functioning of the program and that morale problems were contributing to the turnover being experienced.

In September 1969 a consultant firm appointed by Labor reported that, during the latter part of calendar year 1968, many of the staff personnel were transferring to the New York City Regional Manpower System and that continued resignations were further depleting what remained of an experienced staff.

In December 1969, the Director of the South Bronx CEP reported to MCDA that a high rate of staff turnover, which reached its peak in early 1969, seriously weakened staff development.

In June 1970, a Department of Labor evaluation team reported that prolonged staff vacancies and a high turnover were continuing to beset the CEP.

The evaluation reports discussed other personnel problems in the South Bronx CEP. The staff was completely uninformed of the goals and overall approach of the South Bronx CEP and CEP management had not verified educational qualifications of the personnel hired for certain staff positions, according to a December 1968 Labor evaluation report. The June 1970 report of Labor's evaluation team stated that the job descriptions for staff positions and staff training were inadequate.

Also, as indicated in the consultant firm's comments, the prolonged periods of program inactivity caused apprehension among program staff as to future employment and contributed to staff turnover in the South Bronx CEP.

ASSIGNING RESPONSIBILITY FOR CEP OPERATIONS

CEP was designed to combine under one sponsor and in a single contract all manpower training and other services necessary to operate CEP. The sponsor was expected to exercise strong active leadership over all components of CEP and over any subcontractors to whom these components may be delegated. This method of operation was not adequately accomplished in the South Bronx CEP, and managerial responsibilities were not clearly assigned. In addition, responsibilities were fragmented between the sponsor and MCDA until December 1969, when MCDA became the sponsor. After this date, the program continued to suffer from lack of strong leadership and Labor and CEP sponsors had significant disagreements, which were not promptly resolved, concerning key aspects of the CEP program.

In its initial contract with Labor, the Institute of Public Administration was made responsible for overall coordination to accomplish the objectives of the program and for fund and budgetary control. Such tasks as outreach, recruitment, assessment, orientation, job development, and placement were to be subcontracted to MCDA.

A separate contract signed by the institute and MCDA stated that MCDA was to provide managerial services for operation and conduct of the CEP but failed to specify these services and delineate them from the responsibilities retained by the institute.

Labor renewed its contract with the Institute of Public Administration as the sponsor in October 1968. MCDA continued in its role as operating manager, although no subcontract or separate contract for CEP was executed.

In December 1968, a Department of Labor evaluation team pointed out that the lack of a subcontract between the institute and MCDA could result in considerable problems. Again, in April and May 1969 Department evaluators reported that the lack of clearly defined areas of accountability created problems which seriously impaired CEP operations and reduced the opportunity for making any significant improvements in the program. They concluded that it was impossible to determine the accountability for program operations.

In September 1969 a consulting firm under contract with Labor reported that the administrative structure of the South Bronx CEP was ambiguous because the Institute of Public Administration, nominally the prime sponsor, actually had the responsibility only of a fiscal agent, while MCDA, in effect, was the principal operating agency of CEP. On October 1, 1969, Labor requested MCDA to prepare a proposal for the redesign of the South Bronx CEP.

Labor transferred prime contractual responsibility from the institute to MCDA in December 1969 and in February 1970 notified MCDA that the delays in restructuring CEP were creating a situation in which the program was unable to provide services to the residents of the South Bronx commensurate with the costs involved. As stated in chapter 2, program performance after August 1969 declined significantly with respect to enrollment, training, and placement of area residents.

MCDA presented various proposals to Labor for revising the program, but the contracting parties were unable to resolve differences on key issues concerning the appointment of an appropriate training agency and the type of training to be offered; the desirable size of the CEP staff; the need for renovation of the building in which CEP offices were located; and the manner in which the responsibility for fiscal matters was to be carried out.

After extended negotiations, MCDA was replaced as program sponsor for the program year started October 1970, by the Human Resources Administration and the office of the mayor, acting as cosponsors. MCDA, as the Administration's manpower arm, essentially retained its previous program responsibilities. The change in sponsorship, however, apparently did not bring about the necessary strong leadership which the prime sponsor should exercise over all components and facets of CEP, because accomplishments in the program year ended September 30, 1971, remained unsatisfactory.

CORRECTIVE ACTIONS INITIATED

Officials of MCDA, with whom we discussed the shortcomings in the administration of CEP activities in New

York City, informed us of several improvements, planned or initiated, which they expected would benefit future program operations.

MCDA acknowledged that although an extensive outreach function had not been implemented, it was needed for an effective recruitment activity in the target area. They told us that they would instruct the Neighborhood Manpower Service Centers to carry out this function and would assign specific recruitment quotas to them.

The enrollment of ineligible persons was attributed by CEP officials to insufficient staff in the enrollment (intake) section of the South Bronx CEP to handle the large volume of initial applicants and to the unfamiliarity of CEP interviewers with the requirements for establishing eligibility. We were informed that the CEP staff subsequently received oral instructions concerning applicable intake procedures to help preclude the enrollment of ineligible persons.

MCDA planned to take a new approach to make the training courses more responsive to the needs of the enrollees. MCDA officials told us that CEP would use the services of private vocational training organizations which would provide both language and vocational training and which would work with prospective employers in designing curriculums to meet the needs of the job market.

MCDA officials confirmed that during the program period October 1968 through September 1970, many members of the South Bronx CEP staff had transferred to newly established regions in the New York City Regional Manpower System but such transfers had since decreased and staff turnover had been reduced. The officials also stated that training of CEP staff had subsequently been improved.

The Commissioner of MCDA--the top official of the agency--acknowledged the need for improving the management of CEP activities in New York City. He stated that he was assuming direct responsibility for this task, including actions on recommendations for improvements; reconsideration of whether program commitments were realistic; and, if necessary, modification of existing contractual agreements with Labor.

On June 30, 1971, the East Harlem CEP was substantially revised and administered as an experimental project under more flexible guidelines than Labor's usual guidelines governing CEP. According to Labor's regional officials, CEP, considered a job-oriented program, is not fully suitable for East Harlem residents, who generally require considerable educational training before any positive results can be achieved in vocational development.

CHAPTER 4

CONCLUSIONS, RECOMMENDATIONS, AND AGENCY COMMENTS

CONCLUSIONS

CEP accomplishments in New York City through September 1971 have been unsatisfactory, and supervision and administration of CEP have been inadequate. The South Bronx CEP, established in 1967, was to serve as a model before expanding CEP to other target areas in New York. Notwithstanding unresolved operational problems in the South Bronx, CEP was extended in October 1969 to two additional areas in East and Central Harlem.

During our review we identified several shortcomings in the administration of CEP in South Bronx which were, to some degree, responsible for the limited CEP accomplishments. Most of these shortcomings had been reported as a result of evaluations made on behalf of the CEP sponsor and Labor, but corrective action had not been taken. Labor's regional manpower administrator did not provide the necessary supervision and guidance to insure the proper discharge of CEP sponsors' contractual responsibilities and prompt resolution of problems hampering the accomplishing of CEP objectives.

Although some corrective actions were taken or planned to strengthen CEP, the effect of these measures could not be evaluated because they had not been fully implemented. Accordingly, specific actions are required by Labor, we believe, to insure a more effective CEP operation.

RECOMMENDATIONS TO THE SECRETARY OF LABOR

The Department of Labor, through the manpower administrator, should monitor implementation of the planned improvements in the CEP in the South Bronx and two Harlem areas to insure that:

- The contractual responsibilities of the prime sponsor and participating agencies are clearly understood and carried out.

- An active outreach activity that will bring into CEP those area residents most in need of manpower assistance is performed.
- To reduce the dropout rate and improve job retention potential, all possible assistance is extended to CEP enrollees who experience problems in attending training courses and in finding or retaining suitable employment.

AGENCY COMMENTS

The Department of Labor, commenting on a draft of our report (see app. I), agreed that CEP accomplishments in New York City had been unsatisfactory. Labor also concurred in our recommendations for needed improvements and stated that satisfactory performance cannot be attained by CEP unless each recommended improvement is implemented. Labor particularly emphasized the necessity to incorporate stronger language in CEP contracts so that Labor could require specific actions by the contractor and insure the contractor's effective administration of the extensive subcontracting involved in CEP contracts.

Labor stated that CEP should not continue to be funded unless a specific plan is developed which is responsive to previous difficulties and which includes the kinds of definitive arrangements and performance standards necessary for operation of a sound program.

CHAPTER 5

SCOPE OF REVIEW

Our review and evaluation of program results covered mostly the activities in the South Bronx area because the programs in East and Central Harlem were just getting underway when we started our field review.

We supplemented available program information at the South Bronx CEP through a review of 250 cases drawn from a statistical sample of about 1,700 South Bronx enrollee files and made detailed analyses of the services received by these enrollees. Our test covered selected operations during October 1968 through September 1970, and we obtained data on program results through September 1971. We obtained, but did not verify, data on initial program results in East and Central Harlem from reports issued by MCDA.

Our fieldwork was done at Labor's headquarters office in Washington, D.C., and its regional office in New York City; the headquarters offices of the CEP sponsors; the three CEP administrative offices in New York City; and the offices of various agencies that participated in the program.

We reviewed the applicable legislation and the policies and procedures of the administering agencies. We interviewed local, State, and Federal officials and examined pertinent contracts, reports, and records.

U.S. DEPARTMENT OF LABOR
 OFFICE OF THE ASSISTANT SECRETARY
 WASHINGTON, D.C. 20210



MAY 25 1972

Mr. Henry Eschwege
 Associate Director
 U.S. General Accounting Office
 Washington, D.C. 20548

BEST DOCUMENT AVAILABLE

Dear Mr. Eschwege:

This is in response to your request for comments on a draft report entitled "Unsatisfactory Results of the Concentrated Employment Program in New York City."

We believe that the comments in the GAO report fall within the following major areas to which we have devoted our attention:

1. Department of Labor, through the Manpower Administrator, should monitor implementation of the planned improvements in the South Bronx and Harlem manpower programs and ensure the adequacy of corrective actions.

This is necessary. Much of the monitoring will have to be handled by the regional office. These CEP's should not be refunded until a specific CEP plan is developed which is responsive to previous difficulties and which includes the kinds of definitive arrangements and performance standards necessary for operation of a sound program.

The New York Regional Office is studying the results of the revised CEP program in East Harlem. It is their intent to incorporate into the other two New York City CEP's all parts of this revised program which were judged as successful.

The revised plan for East Harlem was developed jointly by New York City and by the New York Regional Office, with heavy input from the region.

The specific goals of improvement cited by the GAO report (pages 43 and 44) are all sound and important. Without attainment of each of them, satisfactory performance cannot be anticipated.

2. The contractual responsibilities of the prime sponsor and sub-contractors must be clearly understood and carried out.

This is an extremely important recommendation with regard to a CEP operation because of the extensive subcontracting that is involved. In this respect, we feel that contracts should be written to include stronger language so that the RMA can require specific actions by the contractor, and can be assured of the contractor's ability to deal more effectively with subcontractors. With regard to this latter point, we feel that the contractor should not be locked into a specific subcontractor for the supplying of supportive services.

3. An active outreach activity must be performed that will bring into the program those area residents most in need of manpower assistance.

This has been emphasized in CEP guidance in recent years. Before any CEP contract is signed, a sponsor is supposed to define rather precisely the number and types of persons his planned program can serve and also the methods by which such persons will be reached.

It should be recognized that our attempts to provide maximum participation of area residents, while at the same time providing maximum effective operations, are not always compatible. The South Bronx CEP had difficulties in achieving stated goals. In fact, the goal of having 50 percent of the staff be from the target area was probably, in retrospect, an acceptable goal, while requiring that all vacancies be filled by target area representatives may have been overly ambitious.

4. Vocational and general education courses offered to program enrollees must be carefully selected with due regard to the needs of the trainees and the demands of the prevailing job market.

This is a basic premise of CEP. CEP graduates should be able to obtain employment, providing job training is relevant and job development is vigorous.

5. All possible assistance must be extended to program enrollees who experience problems in attending training courses and in finding or retaining suitable employment.

The provision of adequate supportive service to enrollees was recognized in CEP with the introduction of employability development teams in 1969. Arrangements for such assistance as day care and transportation are supposed to be an integral part of CEP planning and activity.

6. General Comments

The GAO report presented full documentation on the poor performance by South Bronx. We can add no more on that CEP, since it has neglected to submit required DOL reports MA-5-16, Monthly Program Activity Summary, MA-5-36, Management Progress Report, and MA-5-30, Monthly Summary of Enrollee Characteristics. A special effort by the regional office and the national office has been made to instruct and assist this contractor in filing the required DOL reports.

Statistics on the other two projects are illuminating, however, especially since they cover the recent period in which improvement might have been expected. The last Management Progress Report (MPR or MA-5-36) submitted by Central Harlem covers through November 30, 1971, the eighth month of the project's current program year. At that time, enrollment was only 55% of the number planned for that point, expenditures were 67% of the planned figure, and completions were only 42% of that planned. East Harlem, in the fifth month of its program year, was running close to target on enrollment and expenditures, but completions were only 26% of the planned to date figure. The national average cost per completion in the past year has been about \$4,700. On the average, CEP's have been performing at 101% of their planned enrollments, 83% of their planned completions, and 91% of their planned expenditures.

Hence, we cannot accept the idea that the CEP program design is the basic problem. We have ample examples of CEP's in large cities with complex programs which are performing satisfactorily. The findings and recommendations of the GAO report and our own experience indicate that poor CEP performance in New York City is a result of failure to follow the sound principles of comprehensive manpower program planning and operation which are contained in the CEP guidelines.

7. Corrections

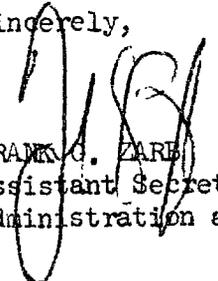
We have only one small factual correction to make in the GAO report. On page 13, in the first paragraph, it is stated that the sponsorship of the three New York City CEP's was

APPENDIX I

transferred from MCDA to the Human Resources Administration and the Office of the Mayor in October of 1970. We believe that this change actually took place as of June 30, 1971.

We appreciate the opportunity to respond to the draft report and will continue to look forward to a close working relationship with you.

Sincerely,



FRANK G. ZARB
Assistant Secretary for
Administration and Management

BEST DOCUMENT AVAILABLE

PRINCIPAL OFFICIALS OF
THE DEPARTMENT OF LABOR
RESPONSIBLE FOR THE ADMINISTRATION OF
THE CONCENTRATED EMPLOYMENT PROGRAM

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
SECRETARY OF LABOR:		
James D. Hodgson	July 1970	Present
George P. Shultz	Jan. 1969	June 1970
W. Willard Wirtz	Sept. 1962	Jan. 1969
ASSISTANT SECRETARY FOR MANPOWER:		
Malcolm R. Lovell	July 1970	Present
Arnold R. Weber	Feb. 1969	July 1970
Stanley H. Ruttenberg	June 1966	Jan. 1969
MANPOWER ADMINISTRATOR:		
Paul Fasser, Jr.	Oct. 1970	Present
Malcolm R. Lovell	June 1969	Oct. 1970
J. Nicholas Peet	Feb. 1969	June 1969
William Kolberg (acting)	Jan. 1969	Feb. 1969
Stanley H. Ruttenberg	Jan. 1965	Jan. 1969

Copies of this report are available from the U. S. General Accounting Office, Room 6417, 441 G Street, N W., Washington, D.C., 20548.

Copies are provided without charge to Members of Congress, congressional committee staff members, Government officials, members of the press, college libraries, faculty members and students. The price to the general public is \$1.00 a copy. Orders should be accompanied by cash or check.